

Business Briefs

Infrastructure

Mass transit has biggest productivity impact

Investment in mass transit has the largest impact on the rate of productivity growth of any investment in transportation, a new study shows. A study released recently by the American Public Transit Association concluded that spending on public transit has more than twice the potential to improve worker productivity than comparable spending on highways.

The study, done by Bates College economics professor David Aschauer, projects that a 10-year \$100 billion increase in transit investment would yield improved worker output valued at \$521 billion. The study also showed that the benefits accrue sooner to transit as compared to highway investments.

The two houses of Congress have not been able to come to an agreement on transportation spending levels, or the levying of a new 5¢ per gallon gasoline tax. The association hopes that this new report will encourage lawmakers to help rebuild America's decrepit public transit systems.

Energy

Uganda minister calls for hydroelectric power

The foreign minister of Uganda called for deployment of hydroelectric power in the developing countries to solve environmental problems. Dr. Paul Ssemogerere spoke about the preparations for the June 1992 United Nations Conference on Economic Development (UNCED) in Brazil and made the following comments Oct. 10.

"Our view is that its outcome should include specific commitments on the effective transfer of environmentally sound technology to developing countries on non-commercial terms; provision of adequate new and additional resources on concessional terms; and a supportive international economic environment that promotes sustainable economic growth

and development of developing countries."

Ssemogerere continued: "In the case of developing countries, environmental degradation is a direct consequence of poverty. To discuss environmental issues in isolation of development is meaningless. For example, in Uganda and elsewhere in Africa, people are forced to cut trees for fuel and for use in constructing dwellings. If forests are to be preserved, alternate sources of energy and of building materials have to be secured. For Uganda, and some other African countries, the solution is in securing capital and technology to harness hydro-electric power; and this is where the industrialized countries should give a helping hand."

Transportation

Trucking executives score deregulation

"I know for a fact that many unsafe trucks are on the road" in the United States as a result of deregulation, an executive of a U.S. trucking company told Minnesota's St. Cloud State University researchers James C. Johnson and Kenneth C. Schneider.

In a guest commentary in the Oct. 10 *Journal of Commerce*, Johnson and Schneider disclosed the results of a survey they conducted with over 200 trucking industry executives. Of the executives, 64.9% believe that deregulation of the trucking industry has been harmful, and 20% stated that safety has been adversely affected by deregulation. Among the comments recounted by Johnson and Schneider:

- "Every carrier executive I know will tell you privately that, yes, they are cutting back on maintenance."

- "I know for a fact that many unsafe trucks are on the road and both state and federal safety investigators seldom attempt to monitor the situation. I would estimate that 40% of the 18-wheelers on the road today possess inadequate tires and brakes and represent accidents waiting to happen."

- "I fear to drive my car on major highways knowing the level of safety in the trucking industry. This is a ticking time bomb that

the deregulation advocates do not want to acknowledge exists."

Some 50.5% of the executives also said that deregulation of trucking in 1980 has been bad for the national economy, despite lower shipping costs and better service. These executives argue that the trucking industry will follow the pattern of the airline industry, where almost all new entrants have been eventually driven out of business, a small handful of firms dominate the industry, stressing service rather than price competition.

Johnson and Schneider wrote, "We were struck with the scathing and vitriolic comments from executives who continue to denounce the 1980 law. . . . They fervently believe that what was once an outstanding trucking industry—perhaps the envy of the world—is now groveling for survival."

Austerity

British reject high-speed rail line

The British government has decided it cannot afford to enter the next century. Malcolm Rifkind, the United Kingdom's transport secretary, announced that the construction of a high-speed rail link between London and the cross-Channel Eurotunnel will be postponed until sometime in the next century, the *Financial Times* reported Oct. 10. As the correspondent succinctly put it: "In France, the Channel tunnel expresses will run on purpose-built tracks at speeds of up to 200 miles per hour. But on the British side, they will slow to a crawl as they mingle with commuter trains on existing tracks."

Sir Alastair Morton, the chief executive of Eurotunnel, expressed "total dismay," and told the *Financial Times*, "The French will not know whether to laugh or cry."

British Rail has repeatedly proposed the construction of a new, high-speed line to connect London with the Eurotunnel. But the Treasury has never been convinced of the need for such a link, which would be the first new rail mainline constructed in Britain in nearly a century. In fact, the British govern-

ment is now preparing to break up British Rail, and sell off the parts as part of the Thatcherite "privatization" program.

Rifkind's announcement was made at the annual Conservative Party Conference. British Rail chairman Sir Bob Reid could not hide his non-conformist feelings. "It's a shame we can't get an integrated transport solution in place that makes sense for the 21st century," he said.

'Free Market'

Kirghizstan gets U.S. loan

After its President endorsed Adam Smith, the central Asian republic of Kirghizstan became the first republic to receive a private bank credit from the United States. On Oct. 9, the Sternfield Financial Group extended a \$100 million, ten-year loan to Kirghizstan, at the extremely favorable interest rate of 4.5%, to "fund the purchase of construction materials."

The loan, the only one of its kind to date to any former Soviet republic, was clearly a "reward" to Kirghizstan's President Askar Akayev, who recently had issued an endorsement of Adam Smith by name.

On Oct. 9, Akayev praised himself for running a "clean" campaign, and for not having used "any state resources," in the Kirghizstan presidential "elections" on Oct. 11. He was the only candidate.

Medicine

World Bank attacks vaccine's developer

Elkin Patarroyo, the Colombian scientist who developed a vaccine against malaria, reported that he was attacked by the World Bank in one of its reports two months ago, because he didn't want to sell rights to the vaccine to a multinational chemical company. He refused to sell the rights, he explained, because the

multinational company could turn around and try to sell them back to Colombia, or could even keep secret the method for developing the vaccine and prevent others from applying it.

Despite the high incidence of malaria in Colombia, due to the application of International Monetary Fund austerity measures, the current government has stopped fumigation to kill the *Anopheles* mosquito, which transmits the disease. There are 600,000 cases of malaria yearly in Colombia, of which 60,000 are fatal.

This situation and the incidence of other tropical diseases were scheduled to be discussed at the Sixth Congress on Tropical Medicine, which began Oct. 10. Carlos Espinel, president of the Colombian Parasitology and Tropical Medicine Society, has stated that the "best vaccine is development. In a context of misery, no multi-causal disease can be eradicated only with a vaccine."

Foreign Debt

Oxfam report attacks IMF, World Bank

A report published by Oxfam and the Philippines-based Freedom from Debt Coalition, says that the International Monetary Fund (IMF) and World Bank have led to increased poverty and environmental destruction. "These institutions put creditors first and are fundamentally opposed to the interests and welfare of the poor." The report was published before the Bangkok meeting of the two institutions in mid-October.

Noting that servicing the Philippines' \$29 billion debt takes up one-third of the country's export revenue, the report called for industrialized nations and commercial banks to write off more Third World debt and to agree to a limit on debt repayments as a percentage of a country's total visible exports. "The IMF has required excessively harsh measures, exclusively geared to the balance of payments, but having a catastrophic effect on a whole range of domestic economic factors and on the welfare of the people," the report argued.

Philippine Finance Secretary Jesus Estanislao told Reuters in a recent interview that Manila needed the IMF's help to "cure a sick economy."

● **AIDS** threatens the world with "social turmoil, economic disruption, and even political destabilization," a top World Health Organization AIDS expert warned in Bangkok, Thailand. Dr. Michael H. Merson, director of the WHO global program on AIDS, said that an estimated 9-11 million people were already infected with the virus, "and this number will more than triple in the next eight years."

● **A NEW DYE** to detect cancer chromosomes "dramatically improves the diagnoses and treatments of many cancers," said the Department of Energy, of a new technique developed at Lawrence Livermore National Laboratory. The technique utilizes fluorescent dyes to detect chromosome abnormalities within the human cell. In this way, cancer can be detected at early stages and the specific type of cancer determined, which will allow much more specific treatments to be applied.

● **IRAN** has begun production at the world's biggest new steel mill at Isfahan, a modern complex completed with the aid of Germany, Austria, and Japan. The giant plant, Mobarakeh, covering an area of 7 million square meters, will produce 3 million tons of steel in eight modern blast furnaces.

● **HERMANN JOSEF ABS**, past chairman of Deutsche Bank, told a *Frankfurter Allgemeine Zeitung* interviewer that a purely capitalist regime would ruin mankind. "Experience doesn't make me skeptical as far as the successful abolition, the potential abolition of communism is concerned. But it would contain the seed of death if it turned into its opposite, pure capitalism. Mankind could not sustain that."

● **MALARIA** has gotten out of control, and is killing 2 million people a year and affecting 100 million people in 102 countries, according to U.S. research findings.